

Message Text

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ACTION EA-09

INFO OCT-01 EUR-12 IO-11 ISO-00 SP-02 USIA-15 AID-05 EB-07

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CIAE-00 COME-00 FRB-01 INR-07 NSAE-00 XMB-04 OPIC-06

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FM AMEMBASSY TOKYO

TO SECSTATE WASHDC PRIORITY 7717

INFO USMISSION EC BRUSSELS

USMISSION GENEVA

USMISSION OECD PARIS

AMEMBASSY STOCKHOLM

AMEMBASSY PARIS

AMEMBASSY LONDON

AMEMBASSY MADRID

AMEMBASSY BONN

AMEMBASSY BRUSSELS

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E.O. 11652: N/A

TAGS: EMIN, ETRD, JA

SUBJECT: MARCH 16 JAPANESE PRESS COVERAGE OF AMB. DENT'S VISIT
TO TOKYO

1. "NIHON KEIZAI" PAGE 1 (FULL TRANSLATION):

US SPECIAL REPRESENTATIVE FOR TRADE NEGOTIATIONS DENT HELD TALKS
WITH JAPANESE GOVERNMENT LEADERS, INCLUDING ITI MINISTER KOMOTO,
ITI VICE MINISTER KOMATSU AND FOREIGN AFFAIRS COUNCILOR YOSHINO,
ON TRADE QUESTIONS BETWEEN JAPAN AND THE US, CALLING AT MITI AND
THE FOREIGN MINISTRY OF THIS 15TH. ITI VICE MINISTER KOMATSU,
WHO HELD A PRESS CONFERENCE AFTER THE TALKS, SAID THAT "IT WAS
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CENTERED ON EXCHANGE OF VIEWS ON TRADE AND ECONOMIC QUESTIONS

IN GENERAL BETWEEN JAPAN AND THE US." HOWEVER, A RELATED SOURCE CLARIFIED ON THE EVENING OF THE SAME DAY THAT SPECIAL REPRESENTATIVE DENT SAID, IN REGARD TO THE QUESTION OF RESTRICTIONS ON THE IMPORTS OF SPECIAL STEEL, THAT "THERE IS ALSO PRESSURE FROM CONGRESS, AND IMPORT RESTRICTIONS ARE UNAVOIDABLE," AND SOUGHT THE JAPANESE SIDE'S UNDERSTANDING. HOWEVER, ACCORDING TO THE SAME SOURCE, THE US GOVERNMENT IS GIVING CONSIDERATION TO THE OBJECTIONS OF COUNTRIES CONCERNED, SUCH AS JAPAN, AND IT IS SAID TO BE CONSIDERING MEASURES WHICH ARE MORE LENIENT THAN THOSE RECOMMENDED BY THE US INTERNATIONAL TRADE COMMISSION (ITC).

US PRESIDENT FORD IS SLATED TO ANNOUNCE THE US GOVERNMENT'S DECISION CONCERNING THE ITC RECOMMENDATION ON THE AFTERNOON OF THE 16TH (WASHINGTON TIME). IT IS THOUGHT THAT SPECIAL REPRESENTATIVE DENT IS VISITING JAPAN AS A PART OF THE OPERATIONS TO OBTAIN THE UNDERSTANDING OF THE COUNTRIES CONCERNED IN ADVANCE OF THE ABOVE-MENTIONED ANNOUNCEMENT.

THE ITC RECOMMENDATION CALLS FOR THE LIMITING OF THE UNITED STATES' TOTAL SPECIAL STEEL IMPORTS IN 1976 TO 146,000 TONS. THE QUOTAS FOR VARIOUS COUNTRIES ARE BASED ON THE ACTUAL RECORDS FOR THE PERIOD BETWEEN 1972 AND 1974, AND ACCORDING TO THIS, JAPAN'S SHARE IS 37.1 PERCENT, AND THE VOLUME IS TO BE HELD DOWN TO 56,000 TONS.

ACCORDING TO THIS SOURCE, SPECIAL REPRESENTATIVE DENT SOUGHT UNDERSTANDING FOR THE US GOVERNMENT'S POSITION, SAYING AT THE TALKS THAT DAY: "EVEN IF THE PRESIDENT WERE TO REJECT THE ENFORCEMENT OF IMPORT RESTRICTIONS, THERE IS A STRONG POSSIBILITY THAT CONGRESS WILL ADOPT A RESOLUTION CALLING FOR THE ENFORCEMENT OF RESTRICTIONS AS RECOMMENDED BY THE ITC ON THE BASIS OF THE TRADE ACT. THEREFORE, THE US GOVERNMENT, ON ITS PART, HAS NO CHOICE BUT TO ENFORCE IMPORT RESTRICTIONS, BUT IT WISHES TO MAKE THEM MORE LENIENT THAN THOSE RECOMMENDED BY THE ITC."

THE GOVERNMENT OF OUR COUNTRY HAS BEEN REQUESTING CONSIDERATION THROUGH INFORMAL NEGOTIATIONS WITH THE US SIDE, THAT "THE PERIOD BETWEEN 1972 AND 1974 CORRESPONDS TO THE PERIOD WHEN JAPAN WAS ENFORCING VOLUNTARY EXPORT RESTRICTIONS, AND IS NOT PROPER TO USE UNCLASSIFIED

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AS THE STANDARD. IT IS REQUESTED THAT THE FIVE-YEAR PERIOD FROM 1970 TO 1974 BE USED AS THE STANDARD." CONCERNING THIS POINT, SPECIAL REPRESENTATIVE DENT SAID THAT "WE KNOW THAT THE ITC RECOMMENDATION IS DISADVANTAGEOUS FOR JAPAN," AND IMPLIED THAT THE US IS PREPARED TO GIVE CONSIDERATION TOWARD JAPAN.

BESIDES THE FOREGOING, THE SPECIAL REPRESENTATIVE IS SAID TO HAVE EMPHASIZED THAT "THE SPECIAL STEEL PROBLEM IS A PROBLEM

WHICH CONTAINS SPECIAL DOMESTIC CIRCUMSTANCES, AND WE WISH TO HANDLE IT IN A BUSINESS-LIKE WAY." IT IS SAID THAT HE THUS REQUESTED THAT THE PROBLEM NOT BE BROADENED BY SUCH WAYS AS JAPAN'S TAKING OF RETALIATORY MEASURES.

FOLLOWING THIS REPORT, "NIHON KEIZAI" CARRIED, ON THE FRONT PAGE, THE FOLLOWING COMMENTARY ENTITLED "RESTRICTIONS TO BE MORE LENIENT THAN ITC RECOMMENDATION?"

US PRESIDENTIAL SPECIAL REPRESENTATIVE FOR TRADE NEGOTIATIONS DENT' ARRIVING IN JAPAN SUDDENLY IS FOR THE PURPOSE OF PREPARING THE GROUND IN ADVANCE IN REGARD TO THE PRESIDENT'S DECISION CONCERNING

US RESTRICTIONS ON IMPORTS OF SPECIAL STEEL, WHICH IS EXPECTED TO BE ANNOUNCED ON THE AFTERNOON OF THE 16TH, WASHINGTON TIME. OFFICIALLY, MITI AND THE FOREIGN MINISTRY SAY THAT THE SPECIAL STEEL QUESTION WAS NOT THE CENTRAL SUBJECT MATTER, AND THAT THEY ONLY HAD ABSTRACT DISCUSSIONS. HOWEVER, IT IS THOUGHT THAT THERE WERE ALSO EXPLANATIONS ON THE CONCRETE METHODS FOR RESTRICTING IMPORTS AT THE TALKS THAT DAY.

ONE POINT WHICH MUST NOT BE OVERLOOKED IN THE DENT-KOMOTO TALKS THAT DAY IS THE POINT THAT IT WAS HINTED THAT THE US GOVERNMENT IS THINKING OF METHODS WHICH ARE MORE LENIENT THAN THE IMPORT QUOTA SYSTEM, RECOMMENDED BY ITC. IN OTHER WORDS, IT IS THOUGHT

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THAT DENT EXPLAINED THE CIRCUMSTANCE WHICH COMPEL THE US GOVERNMENT TO TAKE SOME MEASURES, AS GESTURES TOWARD THE CONGRESS, IN REGARD TO SPECIAL STEEL IMPORT RESTRICTIONS, IN VIEW OF THE APPROACH OF THE PRESIDENTIAL ELECTION. IT CAN EVEN BE TAKEN THAT WHILE REQUESTING THAT OUR COUNTRY NOT RAISE OBJECTIONS TO THIS, HE ALSO INDICATED RESTRICTION METHODS WHICH WILL BE "MRE EASILY ACCEPTABLE" TO OUR COUNTRY.

ANOTHER POINT TO BE NOTED IS THAT THE US AND JAPAN "REACHED AGREEMENT ON THE POINT THAT ALTHOUGH BOTH WILL UPHOLD THE PRINCIPLES OF FREE TRADE, THEY WILL HANDLE IN A BUSINESS-LIKE WAY' THOSE CASES WHICH ARE SPECIAL CIRCUMSTANCES." OUR COUNTRY HAS TWICE SENT NOTES VERBALE TO THE US CONCERNING THIS QUESTION.
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2. "YOMIURI" CARRIED SIMILAR BUT SHORTER PAGE 9 ACCOUNT OF MEETINGS, ADDING THAT AMB. DENT CHARACTERIZED SPECIALTY STEEL PROBLEM AS "EXTREMELY PARTICULAR", REPRESENTING ONLY 0.1 PERCENT OF U.S. IMPORTS FROM JAPAN, AND ON THIS GROUND JUSTIFIED US IMPORT RESTRICTIONS AS NOT VIOLATING SPIRIT OF RAMBOUILLET. IT QUOTED ITI MINISTER KOMOTO AS SAYING:" THE RESTRICTING OF IMPORTS IS UNDESIRABLE. DEPENDING ON CIRCUMSTANCES, WE CANNOT BUT CONSIDER TAKING COUNTERMEASURES." "YOMIURI" ALSO NOTED THAT AMB. DENT PRESENTED BRIGHT PICTURE OF PROSPECTS FOR U.S. ECONOMIC RECOVERY WITH ACCOMPANYING UPSWING IN IMPORTS FROM JAPAN.

3. "ASAHI" PAGE 9 REPORT SIMILAR IN LENGTH AND SCOPE TO "YOMIURI" BUT ADDED THAT GOJ OFFICIALS GAVE NOTICE THAT ARTICLE 19 OF GATT WOULD BE BASIS ON WHICH JAPAN WOULD TAKE ANY COUNTERACTION TO U.S. IMPORT RESTRICTIONS.

4. "MAINICHI" PAGE 7 STORY SAID DENT INDICATED THAT US ADMINISTRATION WANTED TO TAKE AS LENIENT A POSITION ON SPECIAL STEEL CASE AS IT THOUGHT CONGRESS WOULD

TOLERATE AND THAT ITC RECOMMENDATION MIGHT THUS BE MODIFIED WITH LARGER QUOTAS OR A SHORTER TERM OR BY THE SUBSTITUTION OF INCREASED IMPORT DUTIES, A TARIFF QUOTA SYSTEM, OR ORDERLY MARKETING AGREEMENTS WITH SUPPLIERS. ACCORDING "MAINICHI," MITI TOOK HARD POSTURE IN RESPONSE TO AMB. DENT'S REPRESENTATIONS BECAUSE THIS CASE IS FIRST UNDER NEW U.S. TRADE ACT. MITI THUS SAID JAPAN WILL OPPOSE ANY IMPORT RESTRICTIVE MEASURES AND WILL RETALIATE IF THEY ARE TAKEN. "MAINICHI" THEN COMMENTED THAT EVEN IF U.S. PRESIDENT'S ACTION IS MORE MODERATE THAN THAT RECOMMENDED BY ITC, THE CASE COULD BECOME "KINDLING CHARCOAL" FOR A BIGGER FIRE. IT ADDED THAT SOME ELEMENTS IN GOJ CONSIDER IT BAD POLICY TO PUSH THE U.S. TOO FAR AND PREDICTED GOJ SWITCH TO A MORE "CONDITIONAL OFFENSIVE" AGAINST THE U.S. AT THE PROPER TIME.

5. BRIEF "SANKEI" ARTICLE (PAGE 9) SAID ITI MIISTER
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KOMOTO INDICATED TO AMBASSADOR DENT THAT GOJ WILL MEASURE ITS RETALIATION ACCORDING TO THE SEVERITY OF U.S. RESTRICTIONS. AS A RESULT, "SANKEI" COMMENTED, IT POSSIBLE THAT U.S.-JAPAN TRADE RELATIONSHIP MIGHT DETERIORATE AS HAPPEND IN THE "TEXTILE WAR."

6. REACTING TO ABOVE PRESS REPORTS, EMBASSY INFORMED MITI OFFICIALS THAT NIHON KEIZAI REPORT IN PARTICULAR REFLECTS INFORMATION WHICH GOES WELL BEYOND WHAT WE UNDERSTOOD WOULD BE MADE AVAILABLE AT THIS TIME. WE SAID THAT THIS COMPLICATES OUR POSSIBLE FUTURE NEGOTIATIONS AND REDUCES OUR FLEXIBILITY POSSIBLY TO THE DETRIMENT OF JAPAN. MITI OFFICIAL SAID ONLY THAT HE UNDERSTOOD AND THAT OUR OBSERVATIONS WERE REASONABLE.
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